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## **PROJECT ASSISTANCE COMPLETION REPORT**

**POLICY REFORM No. 511-0571**

### **PROJECT DATA (as of 3/31/94):**

Amount Authorized (DA/Grant):	5,000,000
Amount Obligated (DA/Grant):	3,932,503
Amount Committed (Cumulative):	3,932,503
Accrued Expenditures:	3,889,018
Counterpart contribution:	5,190,384
Date of Authorization:	06/24/83
PACD:	12/31/92
Last Evaluation:	05/17/91
Last Audit:	08/01/91
Status of CPs/Covenants:	All met

### **1. PROJECT DESCRIPTION:**

#### **Project Goal**

The overall goal of the project was to increase Bolivia's economic stability and growth through an improved policy framework in order to assure sound public investments and encourage new and expanded private productive enterprises.

#### **Project Purpose**

The purpose of the project was to identify and help implement GOB macroeconomic and sectoral policy reforms aimed at reactivating productive economic activity.

The project enabled USAID/Bolivia to achieve its strategic objectives of alternative development and expanded economic opportunities and access (formerly increasing trade and investment in non-coca activities), through technical assistance to and support for the GOB's Economic Policy Analysis Unit (UDAPE). Reduction in the cocaine trade in Bolivia requires effective efforts to expand non-traditional exports and local private participation in the economy as well as to encourage foreign investment. Toward this end, the Policy Reform Project played a significant role in accelerating economic growth in Bolivia by providing direct recommendations to the GOB to implement structural reforms designed to facilitate alternative development and investment programs.

This project provided technical assistance and support to the Government of Bolivia's

Economic Policy Analysis Unit (UDAPE) which has played a major role in the formulation of key macro and sectoral economic policies in Bolivia for the past ten years. UDAPE has monitored carefully short term economic measures, identified key policy areas requiring further attention from the GOB, provided direct recommendations to GOB top level decision-makers and assisted in the implementation of most needed structural reforms.

Under the project, DA funding was provided for: a) technical assistance through a contract with the Harvard Institute of International Development (\$3,401,473); b) the acquisition of computer and communications equipment for UDAPE (\$381,041); c) short term training, attendance to international seminars and continuous publication of economic statistics and economic analyses (\$88,781); and d) evaluations, audits and contingencies (\$61,209).

In addition, ESF and PL-480 Title III local currency funds were provided for a total amount of \$5,190,384.

## **2. PROJECT ACCOMPLISHMENTS**

Through the design and implementation of an improved policy framework, this project contributed to increase Bolivia's economic stability and growth. It also supported the Mission's efforts to address policy reform cross cutting issues as well as contributed to two strategic objectives, namely alternative development and expanded economic opportunities and access (formerly known as increased trade and investment in non-coca activities).

Overall, the project was successful in consolidating UDAPE as an institution capable of conducting sophisticated macroeconomic and sectoral analyses, and assisting the GOB in the development of economic policy alternatives and economic development criteria. The project helped UDAPE establish a good reputation among public and private sector entities, international organizations and foreign research institutions. UDAPE also participated actively in GOB's economic cabinet meetings, and represented the GOB in meetings with multilateral donors (such as the IMF, World Bank, and IDB).

With project assistance, UDAPE completed 779 economic policy studies, exceeding the LOP planned target of 225 studies by 346 percent. In addition, the project assisted other GOB institutions (such as the Institute of National Statistics, the Social Policy Analysis Unit, the Central Bank and the Population Policy Unit) in the development of 15 analyses which lead to macroeconomic and sectoral reforms.

A summary of policy analyses and studies completed by UDAPE over the life of the project is as follows:

Year	1984-1990	1991	1992	Total
Analytical	271	36	44	351
Statistical	54	1	0	55
Methodological	91	6	1	98
Aide memoirs	194	38	43	275
Total	610	81	88	779

### **Evaluations**

Three evaluations were carried out during the life of the project, the first one in 1985, the second one in 1988 and the third one in May 1991. The latter, done by Management Systems International (MSI) in May 1991, concludes that UDAPE has been, and continues to be, a very effective institution, and that UDAPE's performance has been commendable and surpassed expectations. The quality of UDAPE's work and technical capacity is widely recognized both in and out of the Government of Bolivia and has recently begun to acquire serious international recognition. As an advisory unit within the GOB, UDAPE's has also taken a more active role in the formulation of national strategies (i.e. Alternative Development and Social Strategy), supreme decrees and laws.

Following the recommendations contained in the MSI evaluation, and the excellent results of the project, USAID/Bolivia proceeded to design and approve a follow on project, Technical Support for Policy Reform Project No. 511-0616, that began in FY 1992.

No further evaluations or review of data collection results are pending for the project.

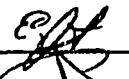

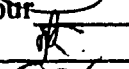
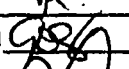


### **3. LESSONS LEARNED AND RECOMMENDATIONS**

- a) As an advisory unit to the GOB, UDAPE provided high quality technical recommendations in the areas of macroeconomic and sectoral policy reform without participating in any form in political partisan activities. This practice has helped UDAPE maintain its independence, insured its continuity over the past decade and increased its prestige.
- b) UDAPE has been regarded as a "model institution". Its experience in macroeconomic and sectoral analysis has been extensive. As a result, other countries, such as Honduras, have become interested in learning more about UDAPE's role in policy design and implementation in Bolivia.
- c) The approval of the follow on project Technical Support for Policy Reform and replication by the GOB of UDAPE's model to establish the Social Policy Analysis Unit (UDAPSO) clearly shows that this project was highly successful.

- d) UDAPE needs to restructure and revitalize its board of directors to ensure that priority assignments are established in an efficient manner, thus preventing UDAPE from carrying out excessive analyses and studies in areas that fall outside those priorities.
- e) UDAPE's institutionalization, as a semi-autonomous unit within the GOB, needs to be monitored and evaluated on a continuous basis so that it remains as a reliable independent, technical institution.
- f) Alternative strategies need to be developed to assure UDAPE's sustainability in the long run without depending heavily on international financial or technical assistance.

April 11, 1994

Clearances:

DP: EJSzepesy		date 4/11/94
PD&I: LLucke		date 4/12/94
CONT: RGoughnour		date 5/19
RCO: MKidd		date 5/20
DDIR: GDavidson		date 5/19
DIR: CHLeonard		date 5/20

UNITED STATES GOVERNMENT  
**memorandum**

DATE: May 25, 1994

REPLY TO  
ATTN OF: Humberto Alcoba, Financial Analyst

SUBJECT: Financial Close-out Report, Project 511-0571, Policy Reform

TO: Hector Díez de Medina, Project Manager

THRU: Richard J. Goughnour, Controller USAID/Bolivia

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The purpose of this memo is to provide financial input for the Policy Reform Project Close-out Report.

1. Background

On June 24, 1983 an Agreement with the Government of Bolivia was signed in order to develop a permanent capability within the Government of Bolivia (GOB) to conduct policy analysis and formulate policy options to address Macro-economic and sectoral development constraints.

The life of project funding was reformulated on May 22, 1986, to strengthen the Government's Economic Policy Analysis Unit (UDAPE) capability and expand the original project's focus to address major GOB economic policy concerns.

To assist GOB to meet the costs of carrying-out the project, the amended life of project grant budget was authorized up to

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\$5,000,000, and provided on an incremental basis as follows:

June 24, 1983	(Agreement)	\$ 400,000
January 26, 1984	(Amend. No. 1)	400,000
November 26, 1984	(Amend. No. 2)	400,000
May 22, 1986	(Amend. No. 3)	900,000
July 23, 1986	(Amend. No. 4)	1,712,000
July 1, 1988	(Amend. No. 5)	250,000
July 31, 1989	(Amend. No. 6)	<u>250,000</u>
<b>Total obligated</b>		<b>\$ 4,312,000</b>
<b>Less:</b>		
<b>Amount deobligated</b>		
<b>by 1311 reviews</b>		
		<u>(379,497)</u>
<b>Total revised obligation</b>		<b>\$ 3,932,503</b>
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2.- Financial Status

A. AID resources disbursed for project activities:

<u>Project Elements</u>	<u>Obligated</u>	<u>Disbursed</u>	<u>Balance</u>
01 Technical Assistance	\$3,401,473	\$3,317,728	\$83,745
02 Equipment and Materials	381,041	381,041	0
03 Short Term Training	83,855	83,855	0
04 Publication and Workshop	4,925	4,925	0
05 Evaluations and Audits	48,526	48,526	0
06 Contingencies	<u>12,683</u>	<u>12,683</u>	<u>0</u>
<b>Totals</b>	<b>\$3,932,503</b>	<b>\$3,848,758</b>	<b>\$ 83,745</b>
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B. Counterpart Contribution

The counterpart funds provided by the GOB for the life of project, is as follows:

<u>Project Elements</u>	<u>P.L.- 480</u>	<u>D.I.F.E.M.</u>	<u>T o t a l</u>
01 UDAPE Staff			
(Salaries)	\$3,051,155	\$1,438,516	\$4,489,671
02 Commodities	187,918	55,727	243,645
03 Operating and Project			
Management Costs	<u>260,927</u>	<u>196,141</u>	<u>457,068</u>
Totals	<u>\$3,500,000</u>	<u>\$1,690,384</u>	<u>\$5,190,384</u>
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The counterpart contribution represents 56.98% of the life of project obligated financial plan.

3.- Conclusion and recommendation

After the expiration of PACD (12/31/92), the Controller's office performed all necessary actions to financially close-out the project. However, we suggest that the amount of \$47,392 from the grant undisbursed balance be considered for deobligation, leaving a balance of \$36,353 to cover the final invoice for services performed before the PACD under the President and Fellows of Harvard College contract.

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